

আপনার সংসার গুছিয়ে দিচ্ছি আমরা

আপনার সংসার সাজানোর আসবাবপত্র, সিন্ধা সামগ্রী, ইলেক্ট্রনিক ও অন্যান্য গ্যেজাপত্য কেনার সুন্দর সমাধান দিচ্ছি আমরা।

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BUSINESS

DHAKA MONDAY DECEMBER 19, 2016, POUISH 5, 1423 B3

# Bad loans weigh down banks

**SAJJADUR RAHMAN**

A first generation private commercial bank has been fighting a loan default case worth about Tk 100 crore in court for the last 15 years, meaning it had to keep provisioning for the amount every year.

But it came as a great relief to the bank a couple of months ago, when the court gave the verdict in its favour.

In another case, a borrower of an Islamic bank defaulted on loans amounting to about Tk 600 crore.

It is difficult for any local bank to keep such a big amount aside from its annual profits as provision. So, the bank took approval from the central bank to make the provision spread across three years -- Tk 200 crore each.

In both cases, the lenders were required to make 100 percent provisioning for the bad loans from the profits they made.

So, the higher the nonperforming loans the lower the banks' profits.

The impact of bad loans goes far beyond the lenders' declining profits.



It also tightens a lender's hands when it comes to giving out fresh money and pushes them to charge higher rates for loans as the interest income on a bad loan will not be there. Depositors will also get lower interest rates.

This is what is happening to the banking sector, which is progressively reeling from the rising NPLs in recent years.

As of September 2016, the cumulative NPLs of the banks reached Tk 65,731 crore or 10.34

percent of the total outstanding loans. In terms of percentage, it is the highest since June 2014, according to Bangladesh Bank.

If the written-off loans are added to the NPLs, the amount will come to Tk 110,000 crore.

Analysts blamed it on the political turmoil from 2012 to 2015, loan scams, incoherent rules taken by the central bank and poor governance.

The diversion of loans into purchase of lands is another reason for the increase in NPLs.

"Political turmoil, loan scams, especially in state banks, excessive finance to some large business groups, adverse selection of borrowers, poor appraisal, inadequate follow-up and supervision were responsible for uptick in NPL," said Toufic Ahmed Choudhury, director general of Bangladesh Institute of Bank Management.

He said all bank groups experienced an upward movement in NPL ratio during 2010-15.

"If we add write-offs and rescheduled and restructured loans to NPLs, it would become a very shocking scenario," Choudhury said.

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# Labour rights protection weak in Asia: ILO

**REFAYET ULLAH MIRDHA**

The rate of ratification of the ILO core conventions to protect labour rights by Asian and Pacific nations is the lowest in the world, according to a top official of the International Labour Organisation.

"Unfortunately, Asia and the Pacific region as a whole is a region whose ratification of the core conventions is the lowest in the world," said Tomoko Nishimoto, assistant director general and regional director for Asia and the Pacific of the ILO.

"I think this is a very important point. People probably know, but we repeatedly have to tell the nations of this region that this is not acceptable," he said in an interview with The Daily Star, on the sidelines of the recently concluded Asia Pacific Regional Meeting or APRM of the ILO in Bali.

Only 14 out of 47, including the West Asian Arab countries, ratified the ILO's eight core conventions; as a result, the workers do not have legal protection for fundamental



Tomoko Nishimoto

labour rights, she added.

The ILO's governing body has identified eight conventions as 'fundamental' or core covering subjects.

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# Cybersecurity addressed in new telecom policy

**MUHAMMAD ZAHIDUL ISLAM**

The government has included the issue of cyber security in the National Telecom Policy to counter digital crimes and also amended the policy's chapter on social obligation fund, officials said.

The development comes after the cabinet made the observations in the draft policy it had approved in June.

"We have already addressed the issue of cybersecurity and usage of social obligation fund," said Tarana Halim, state minister for post and telecom.

The telecom division has sent the amendments to the law ministry for clearance. But the law ministry has forwarded it to the finance ministry as the social obligation fund deals with money and any financial issue has to have approval from the finance ministry.

The government has already collected about Tk 1,000 crore but cannot find a way to spend it.

"We may place it to the cabinet once again. Definitely we will move it as fast as we can," she said, adding that by January the industry will get a new policy that can guide the digitisation process.

The new policy will replace the existing one that was formulated in 1998 and became outdated for a few years now. Tarana said there is scope for revision of the policy from time to time to keep up with the changing scenario.

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BANGLADESH MONITOR

Rashed Khan Menon, civil aviation and tourism minister, and Kazi Wahidul Alam, editor of the Bangladesh Monitor, a fortnightly travel magazine, pose with the recipients of crest of honour, at the silver jubilee celebration of the publication, at the Westin Dhaka hotel on Saturday.

# Monitor honours four heroes in travel and hospitality industry

STAR BUSINESS REPORT

Bangladesh Monitor has recognised four individuals for their contribution to the development of the country's travel and hospitality industry.

They were honoured at the silver jubilee celebration of the fortnightly magazine at the Westin Dhaka hotel on Saturday. Minister for Civil Aviation and Tourism Rashed Khan Menon gave away the trophies.

Hakim Ali, chairman of Intraco Group of Companies, was recognised for his contribution to the tourism sector while late Md Fakhruddin, founder of Fakhruddin Food and Catering chain, was honoured posthumously under the culinary industry category.

Shahid Hamid, executive director of Dhaka Regency Hotel & Resort, received the award in the hospitality industry category.

SA Reza Hussain, first Bangladeshi country manager of British Overseas Airways Corporation, which is now known as British Airways, was also awarded in the aviation category.

Speaking on the occasion, Kazi Wahidul Alam, editor of the Bangladesh Monitor, said they are proud to honour these people who have played commendable role in their respective fields.

He said the magazine would continue its efforts for the development of the country's aviation and tourism sectors in the days to come.

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# Beximco gets approval from US to export third medicine

**STAR BUSINESS REPORT**

Beximco Pharmaceuticals is expanding its footprint into the US, one of the highly regulated drug markets in the world, as it has recently received approval from the US Food and Drug Administration or FDA to sell a type 2 diabetes medicine.

The local drug manufacturer is now set to launch Metformin Hydrochloride extended-release tablets in two strengths -- 500mg and 750mg -- in the US market in the middle of next year, Beximco said in a statement.

This is the third product from Beximco approved by the FDA. Beximco first introduced Carvedilol, a prescription drug for treating hypertension, in the American market in August.

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